GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:619
ANSWERED ON:03.12.2004
REDUCTION IN BUDGET DEFICIT OF CENTRAL GOVERNMENT
Chowdhury Shri Adhir Ranjan;Singh Shri Mohan;Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank President during his recent visit to India has suggested Central Government to bring down the deficit in Central Government budgets;

(b) if so, the details thereof and reaction of the Central Government thereto;

(c) whether the Central Government have evolved any policy to reduce fiscal deficit; and

(d) if so, the details in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) During the visit of World Bank President, the importance of progressive elimination of revenue deficit and reduction of the overall deficit as an ingredient for sustained accelerated growth was underlined.

(b), (c) and (d): The Central Government has been following a comprehensive strategy to reduce fiscal deficit, which aims at increasing tax revenues and non-tax receipts> achieving moderation in growth of expenditure and sustaining growth momentum of the economy. Through measures such as above, Central Government is committed to reducing its fiscal deficit, as enjoined by the Fiscal Responsibility and Budget Management Act, 2003. The Act provides, inter alia, a legal and institutional framework to eliminate revenue deficit, bring down fiscal deficit and contain the growth of public debt in proportion to GDP within a timeframe by March 31, 2009.